

Service Date: July 6, 1994

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER of the Application)	UTILITY DIVISION
of GREAT FALLS GAS COMPANY for)	DOCKET NO. 94.5.22
Authority to Increase Rates and)	ORDER NO. 5793
Charges for Natural Gas Service.)	

ORDER ON FURNACE EFFICIENCY PROGRAM

1. On August 4, 1992, Great Falls Gas Company (GFG, Applicant) filed an application in Docket No. 92.8.37 with the Montana Public Service Commission (Commission) seeking authority to impose a surcharge of \$.0252 per Mcf. Of the surcharge, \$.0174 related to the No Interest Loan Program (NIP) Loan surcharge and the balance of \$.0078 to fund a furnace efficiency program for low-income customers.
2. In Docket No. 92.8.37 GFG proposed a total cost for the program of \$36,000 divided by volumes of 4,603,527 Mcfs to arrive at a furnace efficiency surcharge of \$.0078 per Mcf. The proposed program was designed to *tuneup, repair and/or replace furnace systems in 100 homes. To qualify for the new program, occupants of the homes would have to be GFG customers, LIEAP eligible and have received weatherization services from Opportunities, Inc., prior to 1991. The program targeted 100 homes for service under the proposal at a cost of \$36,000. GFG estimated that approximately*

90 percent of the heating systems would require only a tuneup and minor repairs, while the remaining 10 percent would require extensive repairs or a furnace replacement.

3. On December 7, 1992, the Commission issued Interim Order No. 5676, Docket No. 92.8.37, approving both the NIP Loan surcharge and a low-income furnace efficiency surcharge at the rate of \$.0078 per Mcf, the latter as a one year pilot program. The Commission required GFG to file a report within three months of the completion of the pilot program.

4. On May 26, 1994, GFG filed an application to continue the furnace efficiency program, in this Docket No. 94.5.22, and provided a report on results from the pilot furnace efficiency program. GFG sent letters to 370 clients of Opportunities, Inc., who had DOE-funded weatherization service prior to 1991. There were 106 responses and 104 homes were served.

Homes Served by Pilot Furnace Efficiency Program

Single Family	74
Mobile Homes	18
Multi-Unit	<u>12</u>
Total Homes Served	<u>104</u>

5. The \$36,000 cost of the pilot furnace efficiency program divided by 104 homes equals an average cost of \$346 per home. Thirty-eight homes required an evaluation and tuneup only at an average cost of \$128. Forty-

eight homes required repairs at an average cost of \$244. Eighteen homes required furnace replacement at an average cost of \$905. (The actual number of furnace replacements was eighteen versus the initial estimate of 10.)

6. Preliminary results show average monthly consumption savings of thirteen percent. Homes receiving a tuneup only had a savings of six percent, homes with repairs 11 percent, and homes with a furnace replacement 34 percent. GFG estimates that savings from the pilot furnace efficiency program equate to \$6.744 per year.

7. GFG reported on accounts arrearages based on a random sample. Seventeen percent had no arrearages before or after the program, fifty percent had prior arrearages and no current arrearage, 8 percent had no prior arrearages but fell into arrears after the program, and 25 percent had arrearages before and after the program.

8. GFG proposed that the program be funded on a permanent basis through continuation of the surcharge, with a change to expand the target audience to include all customers within 150 percent of low-income poverty guidelines.

Commission Decision

9. The Commission finds that the pilot furnace efficiency program is producing benefits and that the program should continue. The surcharge to fund the program will remain at \$.0078 per Mcf. Spending on the program is

capped at \$36,000 per year. GFG shall file annual reports which document the information required in FOF 10 of Order No. 5676, Docket No. 92.8.37, attaching workpapers showing the derivation of the savings, arrearages analysis and invoices for the work performed. The number of homes to be evaluated for tuneups, repair or furnace replacement shall remain at 100 per year. GFG should work with Opportunities, Inc., to ensure that maximum energy savings are achieved through this program. The Commission finds that the request to change eligibility from 125 percent to 150 percent of low-income guidelines is appropriate, and it is hereby approved.

CONCLUSIONS OF LAW

1. Great Falls Gas Company is a public utility furnishing natural gas service to consumers in the State of Montana. As such, it is subject to the supervision, regulation and control of this Commission pursuant to § 69-3-102, MCA.

ORDER

THEREFORE, THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

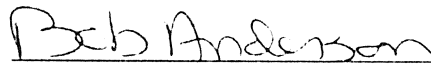
1. Great Falls Gas Company is hereby authorized to continue charging a surcharge of \$.0078 per Mcf to fund the furnace efficiency program.

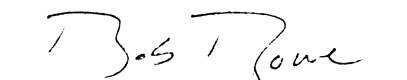
Spending in this program is limited to \$36,000 per year. The eligibility requirement is changed to 150 percent of low-income guidelines.

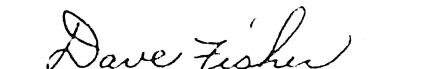
2. This Order shall be effective upon execution.

DONE IN OPEN SESSION at Helena, Montana, this 5th day of July, 1994, by a
5 to 0 vote.

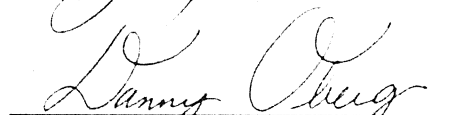
BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION


BOB ANDERSON, Chairman


BOB ROWE, Vice Chairman


DAVE FISHER, Commissioner


NANCY McCAFFREE, Commissioner


DANNY OBERG, Commissioner

ATTEST:



Ann Purcell
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.